

ENDOWMENT MATCH GUIDELINES

Recommendation

The staff recommends that the council revise the 2000-02 Endowment Match Program guidelines as follows:

~~Matching funds may not be from any state-funded trust fund.~~ *Matching funds must be from external sources. General Fund appropriations and student-derived revenues (for example, tuition and fees revenue) are not eligible for matching funds.*

Background

The auditor of public accounts issued a report on the implementation of the Endowment Match Program in October 2000. In the 2001 session of the General Assembly, the House of Representatives passed a resolution regarding the Endowment Match Program (HR1). The council president has formally responded to all the recommendations of the state auditor.

Both the auditor's report and the resolution request the council to exclude state-generated and university-affiliated dollars as matching funds. The council's approved 2000-02 Trust Fund Guidelines state that matching funds may not come from any state-funded trust fund. But the council staff has not approved any matching funds from state-appropriated dollars. The staff recommends that the council amend the guidelines to state clearly that matching funds must be from external sources. This revision would apply to the remaining 2000-02 unmatched appropriation (about \$53 million of the \$120 million appropriated) and to any future appropriations made by the Commonwealth to the Endowment Match Program.

In Mr. Davies' response to the auditor, he said that the council continues to believe that some state-generated or university-affiliated dollars can be used to match the endowment program funds. Some university foundations, whose primary purpose is generally to raise funds for the institution, are affiliated corporations.

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